

Introduction

While the economies of many rural areas in the United States have been sluggish in recent years, rural communities that have stressed recreation and tourism have experienced significant growth.¹ This has not gone unnoticed by local officials and development organizations, which have increasingly turned to recreation and tourism as a vehicle for development. However, not all observers are convinced that the benefits of this approach are worth the costs. There are concerns about the quality of the jobs created, rising housing costs, and potential adverse impacts on poverty, crime, and other social conditions.² This report assesses the validity of these concerns by analyzing recent data on a wide range of socioeconomic conditions and trends in U.S. rural recreation areas. The purpose is to gain a better understanding of how recreation and tourism development affects rural well-being.

Recreation and tourism development has potential advantages and disadvantages for rural communities. Among the advantages, recreation and tourism can add to business growth and profitability. Landowners can benefit from rising land values. Growth can create jobs for those who are unemployed or underemployed, and this can help raise some of them out of poverty. Recreation and tourism can help diversify an economy, making the economy less cyclical and less dependent on the ups and downs of one or two industries. It also gives underemployed manufacturing workers and farmers a way to supplement their incomes and remain in the community. Benefiting from growing tax revenues and growth-induced economies of scale, local governments may be able to improve public services. In addition, local residents may gain access to a broader array of private sector goods and services, such as medical care, shopping, and entertainment. While other types of growth can have similar benefits, rural recreation and tourism development may provide greater diversification, and, for many places, it may be easier to achieve than other kinds of development—such as high-tech development—because it does not require a highly educated workforce.

Many of the potential disadvantages of recreation-related development are associated with the rapid growth that these counties often experience; on average, “recreation counties” grew by 20 percent during the 1990s, nearly three times as fast as other rural counties. Rapid growth from any cause can erode local natural amenities, for example, by despoiling scenic views. Cultural amenities, such as historic sites, can also be threatened. Growth can lead to pollution and related health problems, higher housing costs, road congestion, and more crowded schools, and it may strain the capacity of public services. Small businesses can be threatened by growth-induced “big-box” commercial development, and farms can be burdened by increased property taxes. In addition, newcomers might have different values than existing residents, leading to conflicts over land use and public policies. Growth can also erode residents’ sense of place, which might reduce support for local institutions, schools, and public services.

Aside from these general growth-related issues, some specific problems have been linked to tourism and recreation industries. These include the potential for higher poverty rates associated with low-wage, unskilled workers who are attracted to the area to work in hotels, restaurants, and

¹In this report, “tourism” and “recreation” refer to the development process in which tourists, seasonal residents, and permanent residents are attracted to the community to take part in recreation and leisure activities.

²For a good overall discussion of the benefits as well as the liabilities of recreation and tourism as a rural development strategy, see Gibson (1993), Galston and Baehler (1995), or Marcouiller and Green (2000).

recreation sites. Higher poverty rates could lead to various other social problems, including higher crime rates, lower levels of education, more health problems, and higher costs of providing public services.

With this mix of positive and negative impacts, it is understandable why experts on development policy may be uncertain about the value of rural tourism and recreation development strategies. Hence, it is important that policymakers have access to information about the nature and extent of the socioeconomic impacts of this type of development.

Past research has examined some of the impacts (Brown, 2002). Much of that research, however, is in the form of case studies, with only a few empirical studies examining nationwide rural impacts, such as the articles by English et al. (2000) and Deller et al. (2001). English et al. examined the impact of tourism on a variety of measures of local socioeconomic conditions (local income, employment, housing, economic structure, and demographic characteristics). Deller and his colleagues examined recreational amenities (including recreational infrastructure), local government finances, labor supply characteristics, and demographic demand characteristics, estimating their effects upon the growth of local population, employment, and income.

Our research used an approach similar to that of English and his colleagues, which identified a group of tourism-dependent counties and then used regression analysis to estimate the effect of tourism on various indicators of local rural conditions. Using the new ERS typology of rural recreation counties developed by Kenneth Johnson and Calvin Beale (2002), we identified differences between rural recreation counties and other nonmetro counties for various indicators of economic and social well-being.³ We also examined socioeconomic variations by type of recreation county. We then used regression analysis to test statistically for the effect that dependence on recreation (including tourism and seasonal resident recreation) has on local socioeconomic conditions. Details about the regression analysis are provided in the appendix.

We hoped to shed light on several important questions about this development strategy. Among these are:

- How does rural recreation development affect residents' ability to find jobs?
- How are local wages and incomes affected?
- How does recreation development affect housing costs and local cost of living?
- What effect does recreation development have on local social problems such as crime, congestion, and poverty?
- How are education and health affected?
- How do various types of recreation areas differ in socioeconomic characteristics?

³We also examined fiscal and economic conditions in earlier research (Reeder and Brown, 2004), but our fiscal findings were not easy for us to interpret, so we excluded them from this report.

What Is a Recreation County?

In 1998, Beale and Johnson identified 285 nonmetropolitan recreation counties based on empirical measures of recreation activity, including levels of employment and income in tourism-related industries and the presence of seasonal housing (Beale and Johnson, 1998). They modified and expanded their typology a few years later (Johnson and Beale, 2002). Their 2002 typology identified 329 recreation counties that fell into 11 categories, varying by geographic location, natural amenities, and form of recreation. It is this typology that ERS has adopted as its recreation county typology. We used the 2002 typology, which covered only nonmetropolitan counties. To simplify our analysis, we excluded Alaska and Hawaii.⁴ This reduced the number of recreation counties in our study to 311.

One of the advantages of this typology is that it includes not only places with significant tourism-related activity but also those with a significant number of seasonal residents. (See box on next page, “How Were Recreation Counties Identified?”) Like tourists, most seasonal residents are attracted by opportunities for recreation, including some who come simply to relax in a scenic rural setting. In theory, seasonal residents should have a bigger economic impact on the local community than tourists because they stimulate the housing industry and their season-long presence significantly increases the demand for a wide range of local goods and services. In addition, seasonal residents often later become permanent residents. Because many seasonal residents first came to the area as tourists, it is difficult, if not impossible, to separate the long-term impact of tourists from seasonal residents. Our use of the ERS typology, which covers both tourism and seasonal recreational/residential development, thus seems ideal for estimating the long-term, overall impacts of tourism and recreation combined.

Another advantage of this typology is that it is derived from a continuous variable—a weighted average of tourism and seasonal housing dependence (see box on next page). In theory, this continuous variable may be used more effectively to estimate impacts than a simple recreation/other nonmetro dichotomous variable because it allows us to examine variations in the extent of recreation. Similarly, the different types of recreation counties in the Johnson/Beale typology can be used to further elucidate and estimate the impacts of recreational activity on local socioeconomic conditions.

General Characteristics of Recreation Counties

The 311 recreation counties in our study are located in 43 States, but tend to be concentrated in the West, the Upper Great Lakes, and the Northeast (fig. 1). In the West, this reflects the ample opportunities for hiking, mountain climbing, fishing, and wintertime sports found in the many national parks and ski resorts there. By contrast, the high concentration of recreation counties in the Upper Great Lakes and Northeast—especially in New England and Upstate New York—is largely due to the popularity of long-established second homes in areas with lakes. Many of these areas also have significant wintertime recreation activities, including snowmobiling and skiing. Not surprisingly, recreation counties score higher (4.25) on ERS’ natural amenities index than other nonmetro counties (3.34).⁵

⁴We also excluded several counties that had been metropolitan in the 1980s but had lost their metropolitan status by 1993.

⁵The ERS natural amenities index ranges from 1 to 7, encompassing six measures of natural amenities, covering climate (temperature and humidity), topographic variation (such as mountains), and water area. Data for this index are available at <http://www.ers.usda.gov/Data/NaturalAmenities>.

How Were Recreation Counties Identified?

The 2002 Johnson/Beale typology covered only nonmetropolitan counties, using the 1993 Office of Management and Budget (OMB) definitions of metropolitan areas. Johnson and Beale began by examining a sample of well-known recreation areas to determine which economic indicators were most appropriate for identifying other such counties. They then computed the percentage share of wage and salary employment from the Census Bureau's 1999 County Business Patterns data and personal income from Bureau of Economic Analysis data as these data apply to recreation-related industries, i.e., entertainment and recreation, accommodations, eating and drinking places, and real estate. They also computed a third measure: the percentage share of housing units of seasonal or occasional use, from 2000 Census data. They then constructed a weighted average of the standardized Z-scores of these three main indicators (0.3 employment + 0.3 income + 0.4 seasonal homes). Counties scoring greater than 0.67 on this recreation dependency measure were considered recreation counties. Next, they added several large nonmetro counties that did not make the cut but had relatively high hotel and motel receipts from 1997 Census of Business data. Additional counties were accepted if the weighted average of the three combined indicators exceeded the mean and at least 25 percent of the county's housing was seasonal. Then Johnson and Beale deleted 14 counties that lacked any known recreational function but appeared to qualify "either because they were very small in population with inadequate and misleading County Business Patterns coverage or because they reflected high travel activity without recreational purpose, i.e., overnight motel and eating place clusters on major highways." These calculations produced their final set of 329 recreation counties. In 2004, ERS established these recreation counties as one of its county typologies (available at <http://www.ers.usda.gov/Briefing/Rurality/Typology/>). By 2004, some of these counties had changed their metropolitan status based on the new 2003 OMB definitions of metropolitan areas.

Data from the 2000 Census reveal that recreation and other nonmetro counties average similar population sizes (table 1).⁶ However, during the last decade, the population of recreation counties has grown almost three times as fast (20 percent vs. 7 percent, on average). Recreation counties also have relatively low population densities, and more of their residents tend to live in rural parts of the county (those with less than 2,500 population).

Using the ERS 1993 county economic and policy typologies (Cook and Mizer, 1994), we found that the economies in recreational counties were generally more diverse than in other nonmetro counties. For example, only 30 percent of recreation counties were highly dependent on a single major industry (agriculture, mining, or manufacturing), while 58 percent of other nonmetro counties were highly dependent on just one of these industries. Recreation counties also were slightly less dependent on neighboring counties for employment; only 13 percent of recreation counties were identified as commuting counties (with a high percentage of their resident workforce commuting outside the county for employment), compared with 17 percent of other nonmetro counties.

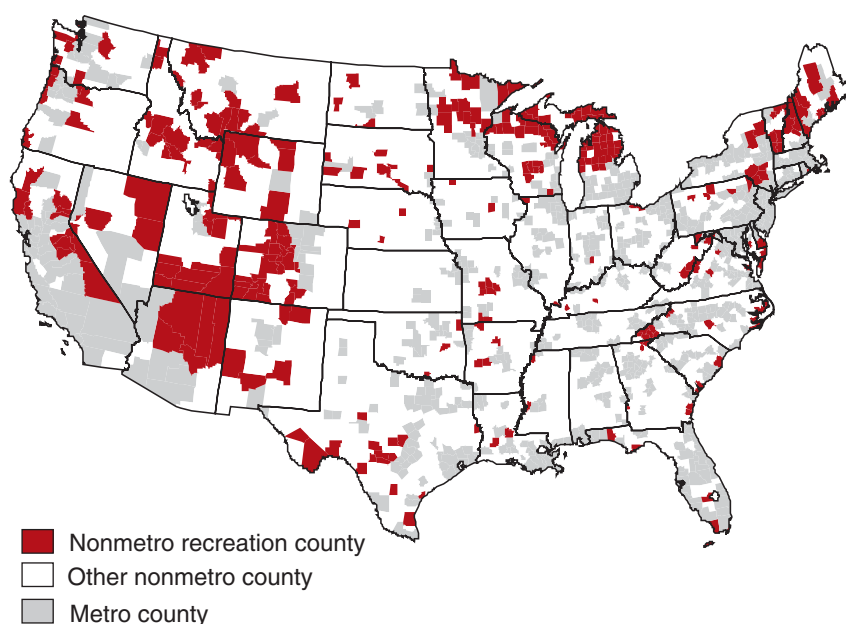
We also found that about a third (32 percent) of recreation counties were retirement-destination places vs. only 4 percent of other nonmetro counties.

⁶The averages shown in this report are "unweighted" averages (simple means). In most cases, these averages appear to represent fairly the typical county in the group being reported. In some cases, however, the average (mean) may be unrepresentative in that it differs significantly from the median. We will point out such instances in the text or in a footnote.

Figure 1

Nonmetropolitan recreation counties, 2002

Counties are concentrated in the West, Upper Midwest, and Northeast



Note: Excludes counties in Alaska and Hawaii.

Source: Adapted from Kenneth M. Johnson and Calvin L. Beale, 2002. "Nonmetro Recreation Counties: Their Identification and Rapid Growth," *Rural America*, Vol. 17, No. 4:12-19.

Table 1

Demographic characteristics of recreation and other nonmetro counties

Indicator	Type of county	
	Recreation	Other nonmetro
Nonmetro counties in our study	311	1,935
	<i>Number</i>	
	<i>Persons</i>	
Average county population in 2000	26,256	24,138
	<i>Percent</i>	
Population change 1990-2000	20.2	6.9
	<i>Persons per square mile</i>	
Population density in 2000	35.9	40.2
	<i>Percent</i>	
Rural share of county population in 1990	79.9	72.4

Note: These are county averages (simple means).

Source: ERS calculations using data from the U.S. Census Bureau and Bureau of Economic Analysis, U.S. Department of Commerce.

Many recreation counties (38 percent) were Federal land counties, meaning that at least 30 percent of the county's land was federally owned; only 7 percent of other nonmetro counties had that much Federal land. In addition, relatively few recreation counties (10 percent) had experienced persistently high levels of poverty (from 1950 to 1990), whereas about a fourth (26 percent) of other nonmetro counties fell into this category. Because recreation counties are not homogeneous with respect to these and other characteristics, the averages we present for all recreation counties mask considerable variation.